



# Onward Neighborhood House

Financial Statements  
June 30, 2023 and 2022

**Sassetti**



CERTIFIED PUBLIC ACCOUNTANTS

ONWARD NEIGHBORHOOD HOUSE

JUNE 30, 2023 AND 2022

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To the Board of Directors  
Onward Neighborhood House  
Chicago, Illinois

## INDEPENDENT AUDITORS' REPORT

### **Opinion**

We have audited the accompanying financial statements of Onward Neighborhood House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Onward Neighborhood House as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Onward Neighborhood House and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Matter**

The June 30, 2022 financial statements were audited by other auditors. That auditor issued an unmodified opinion on those financial statements dated December 7, 2022.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Onward Neighborhood House's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Onward Neighborhood House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Onward Neighborhood House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of Onward Neighborhood House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Onward Neighborhood House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onward Neighborhood House's internal control over financial reporting and compliance.

*Sassetti LLC*

Oak Brook, Illinois  
December 4, 2023

ONWARD NEIGHBORHOOD HOUSE  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,219,863	\$ 1,904,139
Investments	1,713,631	1,589,907
Due from governmental agencies	529,250	461,937
Accounts and pledges receivable, net	473,866	151,512
Deposits and other assets	49,669	53,635
Property and equipment, net	1,581,159	1,724,601
Total Assets	\$ 6,567,438	\$ 5,885,731
<b>LIABILITIES</b>		
Accrued expenses	\$ 92,462	\$ 81,170
Accounts payable	92,591	85,109
Mortgage note payable	239,958	265,604
Total Liabilities	425,011	431,883
<b>NET ASSETS</b>		
Without donor restrictions	5,752,375	5,356,122
With donor restrictions	390,052	97,726
Total Net Assets	6,142,427	5,453,848
Total Liabilities and Net Assets	\$ 6,567,438	\$ 5,885,731

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE  
STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>						
Contributions:						
Individuals	\$ 170,677	\$ 940	\$ 171,617	\$ 93,462	\$ 5,400	\$ 98,862
Corporations and foundations	180,664	315,000	495,664	176,808	85,500	262,308
Congregations and other organizations	38,180	2,950	41,130	54,362	-	54,362
Contributed nonfinancial assets	349,828	-	349,828	317,425	-	317,425
Special events	1,113	22,326	23,439	-	27,361	27,361
Grants from governmental agencies	-	3,789,399	3,789,399	-	2,840,790	2,840,790
Subsidized childcare fees	789,416	-	789,416	655,195	-	655,195
Early childhood program fees	27,751	-	27,751	22,472	-	22,472
PPP loan forgiveness	-	-	-	238,161	-	238,161
Investment return, net	129,466	-	129,466	(295,367)	-	(295,367)
Miscellaneous income	9,026	-	9,026	21,305	-	21,305
Net assets released from restrictions	3,838,289	(3,838,289)	-	3,030,189	(3,030,189)	-
<b>Total Revenue and Other Support</b>	<b>5,534,410</b>	<b>292,326</b>	<b>5,826,736</b>	<b>4,314,012</b>	<b>(71,138)</b>	<b>4,242,874</b>
<b>EXPENSES</b>						
Program services	4,158,878	-	4,158,878	3,302,551	-	3,302,551
Supporting services:						
Management and general	862,997	-	862,997	864,613	-	864,613
Fundraising	116,282	-	116,282	142,349	-	142,349
Total Expenses	5,138,157	-	5,138,157	4,309,513	-	4,309,513
<b>CHANGE IN NET ASSETS</b>	<b>396,253</b>	<b>292,326</b>	<b>688,579</b>	<b>4,499</b>	<b>(71,138)</b>	<b>(66,639)</b>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b>5,356,122</b>	<b>97,726</b>	<b>5,453,848</b>	<b>5,351,623</b>	<b>168,864</b>	<b>5,520,487</b>
<b>NET ASSETS END OF YEAR</b>	<b>\$ 5,752,375</b>	<b>\$ 390,052</b>	<b>\$ 6,142,427</b>	<b>\$ 5,356,122</b>	<b>\$ 97,726</b>	<b>\$ 5,453,848</b>

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023

	Program Services				Supporting Services			Total Expenses	
	Early Head Start	Early childhood services	School Age	Adult Education Services	Total Program Services	Management and General	Fundraising		Total Supporting Services
Personnel	\$ 621,731	\$ 1,082,209	\$ 140,074	\$ 343,220	\$ 2,187,234	\$ 387,070	\$ 67,526	\$ 454,596	\$ 2,641,830
Conferences, meeting and special events	9,531	14,423	2,327	12,162	38,443	1,889	126	2,015	40,458
Depreciation	-	-	-	1,492	1,492	177,940	-	177,940	179,432
Emergency assistance	-	286,038	-	-	286,038	-	-	-	286,038
Equipment furniture and fixtures	2,742	5,499	1,109	12,616	21,966	2,482	3,818	6,300	28,266
Interest	-	-	-	-	-	11,776	-	11,776	11,776
Occupancy	22,704	75,716	40,004	45,177	183,601	42,200	2,262	44,462	228,063
Office	6,866	15,789	7,035	7,746	37,436	37,633	3,422	41,055	78,491
Pass-through grant expenditures	-	520,590	-	-	520,590	-	-	-	520,590
Professional fees	189,373	156,900	2,025	123,566	471,864	200,631	37,793	238,424	710,288
Program food, supplies, activities	79,882	161,013	50,315	75,896	367,106	22	-	22	367,128
Supplies	8,555	24,392	8,458	1,703	43,108	1,354	1,335	2,689	45,797
<b>Total expenses</b>	<b>\$ 941,384</b>	<b>\$ 2,342,569</b>	<b>\$ 251,347</b>	<b>\$ 623,578</b>	<b>\$ 4,158,878</b>	<b>\$ 862,997</b>	<b>\$ 116,282</b>	<b>\$ 979,279</b>	<b>\$ 5,138,157</b>

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services			Total Expenses
	Early Childhood Programs		School Age	Adult Education Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
	Early Head Start	Early childhood services							
Personnel	\$ 639,890	\$ 1,077,974	\$ 155,576	\$ 116,712	\$ 1,990,152	\$ 440,839	\$ 109,332	\$ 550,171	\$ 2,540,323
Conferences, meeting and special events	3,950	8,778	1,270	1,258	15,256	522	381	903	16,159
Depreciation	-	-	-	1,492	1,492	178,811	-	178,811	180,303
Emergency assistance	-	308,000	-	-	308,000	-	-	-	308,000
Insurance	2,559	8,635	4,616	4,738	20,548	3,769	296	4,065	24,613
Interest	-	-	-	-	-	12,940	-	12,940	12,940
Occupancy	18,959	70,604	29,523	58,877	177,963	29,096	4,898	33,994	211,957
Office	2,051	14,058	5,783	12,378	34,270	21,797	18,007	39,804	74,074
Pass-through grant expenditures	-	247,241	-	-	247,241	-	-	-	247,241
Professional fees	55,868	117,148	2,367	70,612	245,995	174,170	7,706	181,876	427,871
Program food, supplies, activities	75,849	107,828	28,847	15,934	228,458	1,123	1,484	2,607	231,065
Supplies	4,195	17,277	8,155	3,549	33,176	1,546	245	1,791	34,967
<b>Total expenses</b>	<b>\$ 803,321</b>	<b>\$ 1,977,543</b>	<b>\$ 236,137</b>	<b>\$ 285,550</b>	<b>\$ 3,302,551</b>	<b>\$ 864,613</b>	<b>\$ 142,349</b>	<b>\$ 1,006,962</b>	<b>\$ 4,309,513</b>

The accompanying notes are an integral part of these financial statements.



ONWARD NEIGHBORHOOD HOUSE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 688,579	\$ (66,639)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	179,432	180,303
Net realized and unrealized (gain) loss on investment	(84,650)	368,251
Forgiveness of debt - PPP Loan	-	(238,161)
(Increase) decrease in operating assets		
Due from governmental agencies	(67,313)	(72,784)
Accounts and pledges receivable	(322,354)	(13,741)
Deposits and other assets	3,966	5,864
Increase (decrease) in operating liabilities		
Accounts payable	7,482	10,796
Accrued expenses	11,292	15,238
Net Cash Provided by Operating Activities	416,434	189,127
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(514,341)	(546,088)
Proceeds from sale of investments	475,267	473,771
Purchases of property and equipment	(35,990)	(72,047)
Net Cash Used in Investing Activities	(75,064)	(144,364)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on mortgage note payable	(25,646)	(24,545)
Payments on loan payable	-	(110,539)
Net Cash Used in Financing Activities	(25,646)	(135,084)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	315,724	(90,321)
Cash and cash equivalents:		
Beginning of year	1,904,139	1,994,460
End of year	\$ 2,219,863	\$ 1,904,139
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS</b>		
Interest paid	\$ 11,776	\$ 12,958
Income taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

1. NATURE OF ORGANIZATION

Onward Neighborhood House (an Illinois Not-for-Profit Corporation) (the Organization) was incorporated on December 7, 1943. The mission of the Organization, which provides services in Chicago, Illinois, is to empower families and individuals in need to achieve their full potential in a community-based setting through participant-driven educational, recreational and social service programs.

The Organization provides early childhood educational programs to children ages 3 to 5 and school age educational programs to children ages 6 to 12, which are subsidized through federal, state and local government funding. The Organization also provides free community access to computers and information technology and free training and classes in computer utilization and software application to residents of the local community.

The Organization receives funding through government grants, contributions from individuals, corporations and foundations, and special events.

2. SUMMARY OF SIGNIFICANT POLICIES

Basis of Accounting: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Adopted Accounting Pronouncement: The Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02, *Leases* (Topic 842) in which lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted the standard on July 1, 2022. The adoption of ASU No. 2016-02 had no material impact on the financial statements of the Organization.

Cash Equivalents: Financial instruments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.

Investments: Investments are reported at fair value determined at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is based on quoted prices in active markets and changes in fair value are recorded as unrealized gains or losses. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Due from Governmental Agencies: Due from government agencies are uncollateralized obligations from government agencies, which are generally paid within 30 days from the billing

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JUNE 30, 2023 AND 2022

date. Receivables are stated at the invoice amount. The carrying amount of due from governmental agencies is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. There was no allowance considered necessary at June 30, 2023 or 2022.

Receivables: Accounts receivable consist of amounts due from parents for program service fees. Parent fees receivable are stated at the amount management expects to collect for contracted services and fees. Parent fees receivable are considered past due after thirty days. The Organization evaluates collectability of receivables based on historical trends and market conditions.

Pledges receivable are recorded when pledged or amounts become unconditional. The Organization estimates any allowance for uncollectible accounts based on an analysis of specific account history and experience. It is the Organization's policy to charge off uncollectible accounts receivable when management determines that the receivable will not be collected. Management considers an allowance for doubtful accounts to be unnecessary as of June 30, 2023 and 2022.

Pledges are expected to be realized in the following periods:

One year or less	\$ 120,000
Between one year and five years	<u>175,000</u>
	<u>\$ 295,000</u>

Property and Equipment: The Organization follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets, generally with buildings and improvements assigned twenty-five year lives, furniture and equipment assigned seven-year lives and computer equipment assigned three-year lives.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor restrictions.

*Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

Revenue and Revenue Recognition: The Organization has the following types of revenue:

*Contributions* – The Organization receives support and revenue from various funding sources in order to support their programs. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement, depending on whether it is determined to be conditional or unconditional. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions/barriers on which they depend are substantially met.

Unconditional promises to give are recognized as revenues in the period received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using risk adjusted interest rates applicable to those years in which the promises are to be received.

*Grants from Governmental Agencies* – The Organization has cost-reimbursable grants and contracts with state and local government agencies and other organizations. Revenue from these grants and contracts is conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue from these government grants and contracts is recognized when the Organization has incurred expenditures in compliance with the specific contract or grant provisions plus allowable indirect expenses which are based on the 10% de minimus rate with the federal government. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the grantors is included in due from governmental agencies in the accompanying statements of financial position.

*Contributed Nonfinancial Assets* – Donated marketable securities, equipment, and other assets converted to cash are recorded as contributions at fair value at the date of donation. Any assets

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

received and not converted to cash are recorded as contributions at their estimated fair value at the date of donation.

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

*Contributions of Nonfinancial Assets* – The Organization was the recipient of the following contributed goods and services during the years ended June 30, 2023 and 2022:

Type of Contributed Nonfinancial Asset or Service	Year ended June 30, 2023	Year ended June 30, 2022	Utilization in Program/Activities
Professional (Legal Services)	\$ 30,415	\$ 9,425	Management and general
Professional (Design Services)	33,375	-	Management and general
Food (Emergency Food Assistance)	<u>286,038</u>	<u>308,000</u>	Program
	<u>\$ 349,828</u>	<u>\$ 317,425</u>	

There were no donor-imposed restrictions associated with the contributed professional services. Food donations used as part of program services may be subject to requirements as stipulated by the Greater Chicago Food Depository.

Valuation techniques and inputs for each type of nonfinancial asset or service are as follows:

Type of Nonfinancial Asset or Service	Inputs and Valuation Techniques Used to Estimate Fair Value
Professional Services (legal and design services)	Based on current rates for similar services.
Food (Emergency Food Assistance)	Based on estimates of wholesale values that would be received for selling similar products in the U.S.

*Special Events* – Special event revenue for tickets is recorded as deferred revenue when received and recognized as earned when the underlying event occurs. Contributions or other donations received as part of the special event is recognized as a contribution when pledged or given.

*Subsidized Childcare Fees* – As a qualified childcare provider in the State of Illinois, the Organization accepts children that qualify for free or reduced childcare, as determined by the

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JUNE 30, 2023 AND 2022

State of Illinois Department of Human Services. Childcare subsidies are considered revenue from contracts with customers and is recognized as an exchange transaction. The Organization bills the State of Illinois, Illinois Action for Children, or the City of Chicago Department of Family Services monthly for children in the subsidy program based on the days attended, plus any additional quality rating amounts, on a fee for service basis and no funds are received in advance. Revenue is recognized over the month or other agreed upon contract term as the customers are simultaneously receiving and consuming the benefits of the service.

*Early Childhood Program Fees* – Program service fees are considered revenue from contracts with customers and are recognized as exchange transactions. Program service fees represent parent co-pays for extended day care or for private pay children to provide childcare or education services during the agreed upon contract period. Revenue is recognized over the month or other agreed upon contract term as the customers are simultaneously receiving and consuming the benefits of the service. Any private pay or co-pay fees received in advance of the contract period are included as deferred revenues.

Functional Allocation of Expenses: The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expense is allocated on the basis of estimates of time and effort. Insurance and occupancy expenses are allocated based on square footage. All other expenses are reported using the direct allocation method.

Future Accounting Pronouncements: *Measurement of Credit Losses on Financial Instruments* (ASC 326) – This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022. The Organization is in the process of evaluating any impact to the financial statements.

Reclassification: Certain reclassifications have been made to the June 30, 2023 balances in order to conform to the current year presentation.

Subsequent events: Management of the Organization has evaluated subsequent events through December 4, 2023, the date the financial statements were available to be issued.

Subsequent to year end, the Organization entered into a lease agreement for a building. Key terms of the agreement include a ten-year term with an option to renew for 5 years. Monthly rent on the space will be \$40 per month. Management will calculate the value of donated rent during fiscal 2024.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

3. DISAGGREGATION OF REVENUE

Revenue from contracts with customers disaggregated by category for the years ended June 30, is as follows:

	<u>2023</u>	<u>2022</u>
Revenue recognized over time:		
Subsidized childcare fees	\$ 789,416	\$ 655,195
Early childhood program fees	27,751	22,472
Total revenue from exchange transactions	<u>\$ 817,167</u>	<u>\$ 677,667</u>

The beginning and ending contract balances were as follows:

	<u>July 1, 2022</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 126,512	\$ 178,866
	<u>July 1, 2021</u>	<u>June 30, 2022</u>
Accounts receivable	\$ 112,771	\$ 126,512

4. LIQUIDITY AND AVAILABILITY

The table below presents financial assets available for general expenditures within one year as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,219,863	\$ 1,904,139
Investments	1,713,631	1,589,907
Due from governmental agencies	529,250	461,937
Accounts and pledges receivable	473,866	151,512
Total financial assets	<u>4,462,744</u>	<u>4,107,495</u>
Less amounts not available to be used within one year:		
Pledges receivable	175,000	-
Net assets with donor restrictions	215,052	97,726
Total amounts not available to be used within one year	<u>390,052</u>	<u>97,726</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,072,692</u>	<u>\$ 4,009,769</u>

The Organization manages liquid resources to meet general expenditures following these principles: meet operating needs and contractual commitments, maintain adequate liquid assets, and maximize investment opportunities. The sources of liquidity available to the Organization are

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

cash and cash equivalents, investments and accounts receivable. The Organization prepares an annual budget as well as cash flow projections, and the Organization's Finance and Investment Committee reviews the financial statements and projections and monitors liquidity measures every two months.

5. TAX STATUS

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code. Management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2023 and 2022.

The Organization accounts for any potential interest or penalties related to the possible future liabilities for unrecognized income tax benefits as interest expense or income tax expense, respectively, in the financial statements. There were no income tax related interest or penalties during the year ended June 30, 2023. In addition, the Organization has taken no uncertain tax positions as of June 30, 2023. The Organization's income taxes are subject to examination by federal and state taxing authorities three years after they are filed. There are currently no examinations for any tax periods pending or in progress.

6. CONCENTRATIONS

The Organization maintains its cash in bank accounts which, at times, exceed federally-insured limits. Management believes that the Organization is not exposed to any significant credit risk related to cash balances.

The Organization received 56% and 61% of its revenue and other support was derived from the City of Chicago Department of Family and Support Services for the years ended June 30, 2023 and 2022, respectively.

86% and 55% of the Organization's due from government agencies consists of amounts due from the City of Chicago Department of Family and Support Services for the years ended June 30, 2023 and 2022, respectively.

7. CONDITIONAL GRANTS RECEIVABLE

Conditional promises to give or grants are recognized when the conditions on which they depend are substantially met, generally, when expenditures are incurred. The Organization had conditional grants to be recognized during fiscal year 2024 as qualified expenditures are incurred of approximately \$818,000.

8. FAIR MEASUREMENT VALUE

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market



ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The valuation methodologies used for assets measured at fair value are as follows:

*Domestic common stock and mutual funds* - Valued at fair value based on quoted prices in active markets.

*Money market funds* - Valued at cost, which approximates fair value.

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

Investments consist of the following at June 30:

<b>2023</b>				
	Level 1	Level 2	Level 3	Total
<b>Mutual funds</b>				
Fixed income	\$ 691,993	\$ -	\$ -	\$ 691,993
Equities	790,071	-	-	790,071
Real assets	59,150	-	-	59,150
Money market	172,417	-	-	172,417
Total investments held	<u>\$1,713,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,713,631</u>
<b>2022</b>				
	Level 1	Level 2	Level 3	Total
<b>Mutual funds</b>				
Fixed income	\$ 703,754	\$ -	\$ -	\$ 703,754
Equities	741,995	-	-	741,995
Real assets	73,297	-	-	73,297
Money market	70,861	-	-	70,861
Total investments held	<u>\$1,589,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,907</u>

*Risks and uncertainties* - The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment return consisted of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 59,549	\$ 89,814
Net realized and unrealized gain (loss)	84,650	(368,251)
Investment fees	(14,733)	(16,930)
	<u>\$129,466</u>	<u>\$(295,367)</u>

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

9. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	2023	2022
Land	\$ 127,500	\$ 127,500
Buildings and improvements	3,783,835	3,747,844
Furniture and equipment	13,382	13,382
Computer equipment	16,910	16,910
Total	3,941,627	3,905,636
Less accumulated	2,360,468	2,181,035
Property and equipment, net	\$ 1,581,159	\$ 1,724,601

10. LINE OF CREDIT

The line of credit provides for borrowings up to \$250,000 with interest due at 9.25% per annum. It is collateralized by the Organization's investments and matures in April 2024. There were no borrowings on the line of credit at June 30, 2023 and 2022.

11. MORTGAGE LOAN PAYABLE

The Organization has a mortgage with a bank that matures in January 2031. Payments are payable in monthly installments of \$3,125, including interest. Interest is due at a fixed rate of 4.58% per annum. Interest expense on the note totaled \$11,776 and \$12,940 for the years ended June 30, 2023 and 2022, respectively. The mortgage is collateralized by real estate located in Chicago, Illinois.

Future principal amounts due on the mortgage note payable are as follows:

Year ending June 30:	
2024	\$ 26,931
2025	28,205
2026	29,567
2027	30,945
2028	32,400
Thereafter	91,910
Total	\$ 239,958

ONWARD NEIGHBORHOOD HOUSE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

12. NET ASSETS

Net assets with donor restrictions are available for the following purpose and time restrictions for years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Capital campaign	\$ 95,052	\$ 72,726
Time restrictions		
Grants receivable	<u>295,000</u>	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 390,052</u>	<u>\$ 97,726</u>

During the years ended June 30, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the following purpose and time restrictions:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Adult education program	\$ 5,340	\$ 12,500
Childhood education program	3,829,399	2,870,639
Property and equipment	-	72,050
Food Pantry	<u>3,550</u>	<u>-</u>
Time restriction:		
Grants receivable	<u>-</u>	<u>75,000</u>
Total net assets released from restrictions	<u>\$ 3,838,289</u>	<u>\$ 3,030,189</u>

13. RETIREMENT PLANS

The Organization has a 403(b) retirement plan (the Plan) which covers all eligible full-time employees. Employees can elect to defer their compensation up to the maximum allowed. Employees are entitled to receive employer contributions equal to 5% of their annual compensation. Employer contributions to the Plan were \$65,344 and \$71,868 for the years ended June 30, 2023 and 2022, respectively.

ONWARD NEIGHBORHOOD HOUSE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Number</u>	<u>Pass Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>				
Head Start Cluster				
Passed through Chicago Commons Association				
Early Head Start	*	93.600	N/A	\$ -
Head Start	*	93.600	N/A	823,738
Subtotal - Head Start Cluster			520,590	1,802,835
477 Cluster				
Passed through the Greater Chicago Food Depository				
Community Block Grants/Entitlement Grants (Food Commodities)	93.569	A0001	-	7,895
Temporary Assistance for Needy Families	93.558	A0001	-	1,186
Subtotal - 477 Cluster			-	9,081
<b>Total U.S. Department of Health and Human Services</b>			520,590	2,635,654
<b>U.S. Department of House and Urban Development</b>				
CDBG - Entitlement Grants Cluster				
Passed through the Greater Chicago Food Depository				
Community Development Block Grants/Entitlement Grants	14.218	A0001	-	2,256
<b>Total U.S. Department of Housing and Urban Development</b>				2,256
<b>U.S. Department of the Treasury</b>				
Passed through Illinois Department of Human Services				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	FCSBK05841	-	54,990
<b>Total U.S. Department of the Treasury</b>				54,990
<b>U.S. Department of Agriculture</b>				
Food Distribution Cluster				
Passed through the Greater Chicago Food Depository				
Emergency Food Assistance Program	10.569	A0001	-	198,497
Subtotal - Food Distribution Cluster			-	198,497
Passed through Illinois State Board of Education				
Child and Adult Care Food Program	10.558	15-016-585P-00	-	118,233
<b>Total U.S. Department of Agriculture</b>				316,730
<b>U.S. Department of Homeland Security</b>				
Passed through the Greater Chicago Food Depository				
Emergency Food and Shelter National Board Program	97.024	A0001	-	265
<b>Total U.S. Department of Homeland Security</b>				265
Total Expenditures of Federal Awards			\$ 520,590	\$ 3,009,895

\* Audited as a major program

## ONWARD NEIGHBORHOOD HOUSE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Onward Neighborhood House under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Onward Neighborhood House, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Onward Neighborhood House Pass-through entity identifying numbers are presented where available.

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **Basis of Accounting**

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Non - Cash Assistance**

The total value of non-cash commodities provided by the Greater Chicago Food Depository under Federal programs was \$210,099 for the year ended June 30, 2023.

#### **Insurance, Loans, and Loan Guarantees**

During the year ended June 30, 2023, Onward Neighborhood House received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Onward Neighborhood House  
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Onward Neighborhood House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Onward Neighborhood House's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Onward Neighborhood House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Onward Neighborhood House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sassetti LLC*

December 4, 2023  
Oak Brook, Illinois





## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Onward Neighborhood House

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Onward Neighborhood House's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Onward Neighborhood House's major federal programs for the year ended June 30, 2023. Onward Neighborhood House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Onward Neighborhood House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Onward Neighborhood House and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Onward Neighborhood House's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Onward Neighborhood House's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Onward Neighborhood House's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Onward Neighborhood House's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Onward Neighborhood House's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Onward Neighborhood House's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Onward Neighborhood House's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected,



on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items to be material weaknesses. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Sassetti LLC*

December 4, 2023  
Oak Brook, Illinois

ONWARD NEIGHBORHOOD HOUSE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2023

**PART I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?        Yes   X   No

Significant deficiency (ies) identified?        Yes   X   No

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards Section**

Dollar threshold used to determine Type A programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

Type of auditor's report on compliance for major programs: Unmodified

Internal control over major programs:

Material weakness (es) identified?        Yes   X   No

Significant deficiency (ies) identified?        Yes   X   No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?        Yes   X   No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start

ONWARD NEIGHBORHOOD HOUSE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

**PART II - FINANCIAL STATEMENT AUDIT FINDINGS**

NONE

**PART III - FEDERAL PROGRAM AUDIT FINDINGS**

NONE

**PART IV - SUMMARY OF PRIOR AUDIT FINDINGS**

NONE

